

## EXECUTIVE SUMMARY

Qatar is ranked as a top healthcare providing country, not only in the Middle Eastern Region but also globally. Due to the rising healthcare costs, Medicare Group Q.S.C., being the largest private sector hospital in Qatar, faces ongoing challenges, including generating sustainable profits for its shareholders. It is vital to manage these challenges through prodigious operational efficiency and managing operating costs efficiently. Hence, the project was aimed to resolve the high inventory cost at Medicare Group Q.S.C. without compromising patient care quality. As a result, the hospital will maintain an optimum level of inventory without overspending on the working capital, which will lead to a healthy financial position and adequate working capital management.

Healthcare inventory management is unique and complicated from other industries. While other industries focused on profit maximisation, healthcare focuses more on providing safer healthcare services to patients at the best possible cost. Inventory is a significant component of the financials and the hospital's day-to-day operations, accounting for 26% - 28% (on average), amounting to QAR 82.9 million of the total operating cost. The hospital faced a significant hike in inventory cost without any corresponding increase in hospital revenue or patients' numbers during the last four years. A detailed root-cause analysis was performed to identify the leading causes of the high inventory cost aiming to provide sustainable solutions to the high hospital inventory cost and SWOT analysis to understand the critical strengths, weaknesses, opportunities and threats of the hospital.

After that, the problem was analysed from a theoretical contextual to gain deeper insights and develop a project's theoretical framework. Purchasing, inventory management and people were identified as the project components closely related to inventory cost. A comprehensive literature review was conducted on project outcome and project components to reduce the inventory costs by referring to the healthcare industry and hospitals. Understanding the substance of the issue was done with the support of a hypothetical structure and laid out the foundation to view the possible solutions through theoretical lenses. The theoretical aspects of techniques used in this project, namely cause and effect analysis, SWOT analysis, Porter's five forces, GAP analysis for existing purchasing and store policies, therapeutic substitution, ABC

analysis, RFID inventory control, job profiling, and training plan to resolve the problem examined through theoretical lenses.

Project objectives were established for each project component, which helps to reach the project's primary objective, to reduce inventory cost from 28% to 24% from the hospital's total operating cost amounting to QAR 3.5 million. Hereafter, each project component's current situation was explained in detail, referring to process flows when required. Contemporaneously, techniques to solve the key problem was identified, and solution developments were done for each project component. For the purchasing component, the author recommends developing comprehensive policies and procedure manuals for store and purchasing function, establish a therapeutic committee which has the authority to approve all medication purchase requests and safely introduce alternative medications to the hospital and conduct an external training session on Supplier Relationship Management for all purchasing staff. To achieve efficient inventory management, the author suggested performing an ABC analysis on inventory to prioritise them into different management attention levels and introduce the RFID tagging system. Finally, the author suggested conducting training sessions for purchasing and storing staff, developing a selection guild lines for future purchasing and store staff recruitments, recruiting two new storekeepers, and obtaining the control of sub-stores from the Nursing Department and establish a new KPI to closely monitoring inventory turnover which has a positive impact on people management project component. Further budget, resources allocation and output and outcomes of the project were documented. The benefit-cost analysis showed a net incremental benefit of QAR 2.85 million with benefit-cost ratio 5.4, which reconfirmed the viability of the solutions proposed.

Findings of the project and the project recommendations were discussed in detailed. A literature discussion on each project component was performed to elaborate strong conceptual understanding, application of key theoretical references and practical scenario to project components. Impact of suggested solutions was looked from theoretical lenses. The project recommendations were then discussed. The high inventory cost of Medicare Group Q.S.C. can be reduced by effectively implementing proposed recommendations and achieve high profitability and sustainability.